

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Vevay	County Ingham
Fiscal Year End 3/31/06	Opinion Date 6/22/06	Date Audit Report Submitted to State 8/25/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

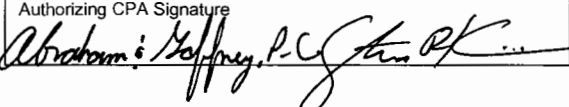
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI
		Zip 48823	
Authorizing CPA Signature 		Printed Name Steven R. Kirinovic, CPA	
		License Number 1101022020	

**Township of Vevay
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2006

Township of Vevay
Ingham County, Michigan
March 31, 2006
BOARD OF TRUSTEES

Ronald Weesies	Supervisor
Susan Kosier	Clerk
Linda Diamond	Treasurer
Douglas Shaw	Trustee
Dale Ruttan	Trustee

Township of Vevay
Ingham County, Michigan
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ABRAHAM & GAFFNEY, P.C.

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Vevay
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay, Michigan as of March 31, 2006, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Vevay's basic financial statements. The accompanying other supplementary information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 22, 2006

The following is a discussion and analysis of the Township of Vevay (the Township's) financial performance and position, providing an overview of the activities for the year ended March 31, 2006. This analysis should be read in conjunction with the Independent Auditors Report and with the Township's financial statements, which follow this section.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2006:

- The Township reports \$795,001 as net assets of governmental activities, \$593,079 of which is unrestricted and available for future use.
- The Township continues to be debt free as of March 31, 2006.
- The fund balance of the Township's General Fund decreased by \$64,662.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Vevay as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Vevay in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township of Vevay acts solely as a trustee or agent for the benefit of those outside the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets of the primary government as of March 31, 2005 and March 31, 2006.

	Years Ended March 31,	
	2005	2006
Assets		
Current assets	\$ 709,393	\$ 623,346
Capital assets	<u>108,515</u>	<u>201,922</u>
Total assets	817,908	825,268
Liabilities		
Current liabilities	<u>37,458</u>	<u>30,267</u>
Net Assets		
Invested in capital assets	108,515	201,922
Unrestricted	<u>671,935</u>	<u>593,079</u>
Total net assets	<u>\$ 780,450</u>	<u>\$ 795,001</u>

The Township's total net assets were \$795,001 at March 31, 2006. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$593,079 at the end of the fiscal year. The net assets invested in capital assets were \$201,922.

The following table shows the changes in net assets of the primary government during the year ended March 31, 2005 and March 31, 2006.

	Years Ended March 31,	
	<u>2005</u>	<u>2006</u>
Revenue		
Program revenue:		
Charges for services	\$ 86,510	\$ 53,014
Capital grants and contributions	19,431	3,355
General revenues:		
Property taxes	179,292	196,864
State shared revenue	241,082	244,082
Investment earnings	13,128	15,749
Other	<u>5,381</u>	<u>8,769</u>
Total revenue	544,824	521,833
Program Expenses		
General government	234,569	261,325
Public safety	80,029	76,642
Public works	38,862	50,211
Community and economic development	22,941	23,373
Other	<u>82,898</u>	<u>95,731</u>
Total program expenses	<u>459,299</u>	<u>507,282</u>
Change in Net Assets	<u>\$ 85,525</u>	<u>\$ 14,551</u>

Governmental Activities

The Township's governmental revenues totaled \$521,833 with the greatest revenue source being state shared revenue, making up approximately 47 percent of total revenues. Property taxes make up approximately 38 percent of total governmental revenue. Over the past year, state shared revenue and interest income have both increased.

The Township incurred expenses of \$507,282 during the year. The majority of expenses are associated with the general government and public safety functions, which includes various general governmental activities, fire protection and building, zoning, and planning activities.

The Township's Funds

The analysis of the Township's major fund begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the General Fund, not the Township of Vevay as a whole. The Township of Vevay's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages.

The General Fund pays for most of the Township's governmental services. The most significant services provided during the fiscal year were general governmental activities of \$322,271, and public safety related activities, which incurred expenditures of \$76,642 for the fiscal year. These activities are funded primarily through property taxes and State shared revenues.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover some minor changes in expenditures. However, because overall the Township came in under budget at year-end, there was an overall favorable variance of approximately \$43,286 from budget. This was mainly due to almost \$12,057 more than

budgeted in current property tax revenues and almost \$11,032 less in pension contributions expended during 2005/06.

Capital Assets

At the end of the fiscal year, the Township had \$371,167 invested in capital assets, including the Township hall and grounds, and various machinery and equipment. There was \$169,245 in accumulated depreciation on these assets with a resulting investment in capital assets (net book value) of \$201,922. There were additions to capital assets in the current year of \$104,835 in various areas as detailed in Note C of the financial statements.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack. The governor's proposed budget for the State's 2005/06 fiscal year calls for a reduction of 3 percent of total revenue sharing. This should mean reductions in revenue sharing for the Township of Vevay for 2006/07.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall at (517) 676-9523.

BASIC FINANCIAL STATEMENTS

Township of Vevay
STATEMENT OF NET ASSETS
March 31, 2006

	Primary Government Governmental Activities	Component Unit (DDA)
ASSETS		
Current assets		
Cash	\$ 236,695	\$ 331,558
Investments	319,773	-
Receivables	59,428	-
Due from other governmental units	7,450	-
Total current assets	623,346	331,558
Noncurrent assets		
Capital assets not being depreciated	22,500	-
Capital assets being depreciated, net	179,422	-
Total noncurrent assets	201,922	-0-
TOTAL ASSETS	825,268	331,558
LIABILITIES		
Current liabilities		
Accounts payable	6,198	-
Accrued liabilities	16,808	-
Due to other governmental units	7,261	14,583
TOTAL LIABILITIES	30,267	14,583
NET ASSETS		
Invested in capital assets	201,922	-
Unrestricted	593,079	316,975
TOTAL NET ASSETS	\$ 795,001	\$ 316,975

See accompanying notes to financial statements.

Township of Vevay
STATEMENT OF ACTIVITIES
Year Ended March 31, 2006

Functions/Programs				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Program Revenues		Primary Governmental Activities	Component Unit
		Charges for Services	Capital Grants and Contributions		
Primary government					
Governmental activities					
General government	\$ 261,325	\$ 34,257	\$ -	\$ (227,068)	\$ -
Public safety	76,642	1,265	-	(75,377)	-
Public works	50,211	17,167	3,355	(29,689)	-
Community and economic development	23,373	325	-	(23,048)	-
Other	95,731	-	-	(95,731)	-
Total primary government	<u>\$ 507,282</u>	<u>\$ 53,014</u>	<u>\$ 3,355</u>	(450,913)	-0-
Component unit					
Downtown Development Authority	<u>\$ 11,444</u>	<u>\$ -</u>	<u>\$ -</u>	-0-	(11,444)
General revenues					
Property taxes				196,864	50,793
State shared revenues				244,082	-
Investment earnings				15,749	271
Miscellaneous				8,769	-
Total general revenues				<u>465,464</u>	<u>51,064</u>
Change in net assets				14,551	39,620
Net assets, beginning of the year				<u>780,450</u>	<u>277,355</u>
Net assets, end of the year				<u>\$ 795,001</u>	<u>\$ 316,975</u>

See accompanying notes to financial statements.

Township of Vevay

GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2006

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 231,365	\$ 5,330	\$ 236,695
Investments	288,920	30,853	319,773
Receivables			
Accounts	5,041	200	5,241
Interest	608	-	608
Special assessments	53,379	200	53,579
Due from other governmental units	7,450	-	7,450
TOTAL ASSETS	<u>\$ 586,763</u>	<u>\$ 36,583</u>	<u>\$ 623,346</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,198	\$ -	\$ 6,198
Accrued liabilities	16,808	-	16,808
Due to other governmental units	7,261	-	7,261
Deferred revenue	48,408	-	48,408
TOTAL LIABILITIES	78,675	-0-	78,675
FUND BALANCES			
Unreserved			
Undesignated, reported in			
General fund	508,088	-	508,088
Special revenue funds	-	36,583	36,583
TOTAL FUND BALANCES	<u>508,088</u>	<u>36,583</u>	<u>544,671</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 586,763</u>	<u>\$ 36,583</u>	<u>\$ 623,346</u>

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

March 31, 2006

Total fund balance - governmental funds **\$ 544,671**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 371,167	
Accumulated depreciation is	<u>(169,245)</u>	
Capital assets, net		201,922

Long-term receivables are not available to pay for current period expenditures
and are therefore deferred in the funds. These consist of:

Deferred revenue	<u>48,408</u>
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Net assets of governmental activities **\$ 795,001**

See accompanying notes to financial statements.

Township of Vevay

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2006

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 208,115	\$ -	\$ 208,115
Licenses and permits	28,166	-	28,166
Intergovernmental	244,082	-	244,082
Charges for services	4,921	4,612	9,533
Interest and rents	19,236	577	19,813
Special assessments	12,843	2,614	15,457
Other	8,519	250	8,769
TOTAL REVENUES	525,882	8,053	533,935
EXPENDITURES			
Current			
General government	322,271	5,121	327,392
Public safety	76,642	-	76,642
Public works	47,527	2,684	50,211
Community and economic development	23,373	-	23,373
Other	95,731	-	95,731
Capital outlay	-	27,340	27,340
TOTAL EXPENDITURES	565,544	35,145	600,689
EXCESS OF REVENUES (UNDER) EXPENDITURES	(39,662)	(27,092)	(66,754)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	25,000	25,000
Transfers out	(25,000)	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	25,000	-0-
EXCESS OF REVENUES AND OTHER FIANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(64,662)	(2,092)	(66,754)
Fund balances, beginning of year	572,750	38,675	611,425
Fund balances, end of year	\$ 508,088	\$ 36,583	\$ 544,671

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2006

Net change in fund balances - total governmental funds \$ (66,754)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 104,835	
Depreciation expense	<u>(11,428)</u>	
Excess of capital outlay over depreciation expense		93,407

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	<u>(12,102)</u>
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Change in net assets of governmental activities \$ 14,551

See accompanying notes to financial statements.

Township of Vevay

Fiduciary Funds

STATEMENT OF NET ASSETS

March 31, 2006

	Agency Funds		Total
	Trust and Agency	Current Tax Collection	
ASSETS			
Cash	\$ 6,880	\$ 2,076	\$ 8,956
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to individuals and agencies	\$ 6,880	\$ 2,076	\$ 8,956

See accompanying notes to financial statements.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Vevay, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two trustees and provides services in many areas including fire protection, roads, and planning service.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*; these financial statements present all financial activities of the Township of Vevay (primary government) and its component unit (Downtown Development Authority). The component unit described in Section 2 below is included in the Township's reporting entity because of the significance of the operational and financial relationship with the Township and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Based upon the application of these criteria, the financial statements of the Township of Vevay contain all the funds controlled by the Township Board.

2. Discretely Presented Component Unit

The component unit is reported in a separate column to emphasize that, while legally separate, the Township of Vevay remains financially accountable for this entity.

The governing body of the Downtown Development Authority is a nine (9) member board appointed by the Township Board. The Authority's budget is subject to the approval of the Township Board, and the Township temporarily relinquishes part of its tax base to the Authority (tax increment revenues).

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component unit as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The major fund of the Township is the General Fund. It is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

5. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

7. Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Supervisor submits to the Township Board the proposed operating budgets for the fiscal year commencing the following April 1. The operating budgets include proposed expenditures and resources to finance them.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Budgets and Budgetary Accounting - continued

- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to April 1, the budget is legally adopted with passage by Board vote.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or as amended by the Township Board during the year. Individual amendments were not material to the originally adopted budget.

8. Cash and Investments

Cash consists of checking and money market savings accounts.

Investments consist of certificates of deposit with an original maturity of greater than 90 days. Investments are recorded at market value in accordance with the implementation of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services.

10. Due From Other Governmental Units

Due from other governmental units consists of amounts due from local units of government for property taxes collected that are still owed to the Township.

11. Property Tax

The Township of Vevay bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The property taxes attach as an enforceable lien on property as of December 1. Taxes are levied December 1 and are payable through February 14. All property taxes not paid by February 14 are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2006, the Township levied .9161 mills per \$1,000 of assessed valuation for general governmental services. The total taxable value for the 2005 levy for property within the Township was \$112,615,606. The Township also receives property tax revenue as a result of Public Act 425 Agreements with the City of Mason. For the year ended March 31, 2006, the Township received \$47,681 from these agreements.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery, equipment, and furniture	5 - 15 years
Land improvements	40 years

13. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE B: CASH AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE B: CASH AND INVESTMENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of March 31, 2006, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 193,903	\$ 193,497
Savings	42,593	42,593
Certificates of deposit	<u>319,772</u>	<u>319,772</u>
Total primary government	556,268	555,862
FIDUCIARY FUNDS		
Checking	8,956	8,956
COMPONENT UNIT		
Checking	<u>331,558</u>	<u>331,581</u>
TOTAL REPORTING ENTITY	<u>\$ 896,782</u>	<u>\$ 896,399</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2006, the Township accounts were insured by the FDIC for \$445,520, and the amount of \$450,879 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash were substantially higher at these peak periods than at year-end.

The cash and investments referred to above have been reported in either the cash or investments captions on the statement of net assets and the balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of March 31, 2006:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>	<u>Total</u>
Cash	\$ 236,695	\$ 8,956	\$ 331,558	\$ 577,209
Investments	<u>319,773</u>	<u>-</u>	<u>-</u>	<u>319,773</u>
	<u>\$ 556,468</u>	<u>\$ 8,956</u>	<u>\$ 331,558</u>	<u>\$ 896,982</u>

The cash captions in the basic financial statements include \$200 in petty cash.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of March 31, 2006, the Township did not have any investments that would be subject to rating.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by designing its portfolio so that the investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2006 was as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Governmental activities				
Capital assets not being depreciated				
Land	\$ 22,500	\$ -	\$ -	\$ 22,500
Capital assets being depreciated				
Land improvements	-	27,340	-	27,340
Buildings and improvements	181,134	66,064	-	247,198
Machinery and equipment	<u>62,698</u>	<u>11,431</u>	<u>-</u>	<u>74,129</u>
Total capital assets being depreciated	243,832	104,835	-0-	348,667
Less accumulated depreciation for:				
Land improvements	-	(342)	-	(342)
Buildings and improvements	(120,378)	(5,424)	-	(125,802)
Machinery and equipment	<u>(37,439)</u>	<u>(5,662)</u>	<u>-</u>	<u>(43,101)</u>
Total accumulated depreciation	<u>(157,817)</u>	<u>(11,428)</u>	<u>-0-</u>	<u>(169,245)</u>
Net capital assets being depreciated	<u>86,015</u>	<u>93,407</u>	<u>-0-</u>	<u>179,422</u>
Net capital assets	<u>\$ 108,515</u>	<u>\$ 93,407</u>	<u>\$ -0-</u>	<u>\$ 201,922</u>

Depreciation expense was charged to the following governmental activities:

General government	<u>\$ 11,428</u>
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Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers.

Transfers to nonmajor governmental funds from:	
General fund	\$ <u>25,000</u>

NOTE E: RISK MANAGEMENT

The Township is exposed to various risks of loss including public officials wrongful acts, crime; property; liability; and workers' compensation for which the Township carries commercial insurance.

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for coverage of risks of loss including public officials wrongful acts, crime, property, liability, and public official bond insurance. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claim filed against the pool nor do they have any right to dividends.

NOTE F: RETIREMENT PLAN

Plan Description

The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees requires a contribution from the Township of 10.00% of gross wages for all covered employees.

Annual Pension Cost

For year ended March 31, 2006 the Township's annual pension cost of \$12,213 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation and increase of 0.00% to 8.40% attributable to merit and longevity (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years.

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE F: RETIREMENT PLAN - CONTINUED

Three (3) year trend information

	Year Ended December 31, <u>2005</u>
Actuarial value of assets	\$ 141,828
Actuarial accrued liability (AAL) (entry age)	272,076
Unfunded AAL	130,248
Funded ratio	52 %
Covered payroll	121,313
UAAL as a percentage of covered payroll	107 %
	Year Ended March 31, <u>2006</u>
Annual pension cost	\$ 12,213
Percentage of APC contributed	100 %
Net pension obligation	-

This trend information was obtained from the MERS actuarial report as of December 31, 2005. Because the Township began participating in this retirement plan during the current year, only one (1) year of data is available for disclosure. Future years will show up to three (3) years of such data.

NOTE G: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level.

During the year ended March 31, 2006, the Township incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General government			
Supervisor	\$ 25,800	\$ 26,331	\$ 531
Clerk	38,400	38,529	129
Treasurer	33,900	33,947	47
Public safety			
Building inspector	14,300	14,661	361
Community and economic development			
Zoning commission	1,460	1,710	250
Planning commission	20,800	21,663	863
Other			
Contracted services	10,133	12,743	2,610
Health and life insurance	22,200	28,037	5,837

REQUIRED SUPPLEMENTARY INFORMATION

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Current property taxes	\$ 136,000	\$ 136,000	\$ 148,057	\$ 12,057
Delinquent property taxes	8,000	8,000	7,528	(472)
Penalties and interest	8,700	8,700	11,251	2,551
Trailer park taxes	1,400	1,400	-	(1,400)
Administration fees	40,000	40,000	41,279	1,279
Total taxes	194,100	194,100	208,115	14,015
Licenses and permits				
Building/zoning permits	20,500	20,500	16,812	(3,688)
Sewer connection fees	700	700	-	(700)
Special use permits	1,200	1,200	355	(845)
Cable television franchise fees	7,700	7,700	7,675	(25)
Miscellaneous fees and permits	5,800	5,800	3,324	(2,476)
Total licenses and permits	35,900	35,900	28,166	(7,734)
Intergovernmental				
State shared revenue	210,000	210,000	244,082	34,082
Charges for services				
Land division fees	800	800	325	(475)
Board of appeals fees	950	950	750	(200)
Tax collection fees	9,200	9,200	500	(8,700)
Rezoning fees	500	500	-	(500)
Cemetery lots and grave openings	800	800	900	100
Fire runs	18,000	18,000	1,265	(16,735)
Miscellaneous	350	350	1,181	831
Total charges for services	30,600	30,600	4,921	(25,679)
Interest and rents				
Interest	7,000	7,000	7,236	236
Rentals	12,000	12,000	12,000	-0-
Total interest and rents	19,000	19,000	19,236	236
Special assessments				
Current special assessment	3,000	3,000	8,350	5,350
Delinquent special assessment	5,000	5,000	4,493	(507)
Total special assessments	8,000	8,000	12,843	4,843

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES - CONTINUED				
Other				
Miscellaneous	\$ 4,000	\$ 6,000	\$ 6,771	\$ 771
Proceeds from sale of fixed assets	200	200	-	(200)
Reimbursements	3,150	3,150	1,748	(1,402)
Total other	7,350	9,350	8,519	(831)
TOTAL REVENUES	504,950	506,950	525,882	18,932
EXPENDITURES				
General government				
Township board	114,500	36,500	35,004	1,496
Supervisor	28,100	25,800	26,331	(531)
Clerk	39,000	38,400	38,529	(129)
Treasurer	35,500	33,900	33,947	(47)
Assessor	32,300	35,845	35,845	-0-
Township hall	45,200	116,740	116,730	10
General administration	37,100	33,700	33,394	306
Board of review	1,850	3,020	1,964	1,056
Cemetery	1,000	200	173	27
Elections	1,600	1,100	354	746
Total general government	336,150	325,205	322,271	2,934
Public safety				
Fire department	65,000	67,600	61,981	5,619
Police department	5,600	5,600	-	5,600
Building inspector	23,000	14,300	14,661	(361)
Total public safety	93,600	87,500	76,642	10,858
Community and economic development				
Zoning commission	1,760	1,460	1,710	(250)
Planning commission	28,200	20,800	21,663	(863)
Total community and economic development	29,960	22,260	23,373	(1,113)
Public works				
Highways	30,000	42,100	42,091	9
Sanitation	4,100	5,450	5,436	14
Drains	6,000	-	-	-0-
Total public works	40,100	47,550	47,527	23

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
Other				
Pension contributions	\$ 28,000	\$ 25,100	\$ 14,068	\$ 11,032
Social security	15,000	11,700	11,605	95
Contracted services	5,500	10,133	12,743	(2,610)
Insurance	30,000	33,400	28,530	4,870
Health and life insurance	22,200	22,200	28,037	(5,837)
Miscellaneous	2,100	1,850	748	1,102
Total other	102,800	104,383	95,731	8,652
TOTAL EXPENDITURES	602,610	586,898	565,544	21,354
EXCESS OF REVENUES (UNDER) EXPENDITURES	(97,660)	(79,948)	(39,662)	40,286
OTHER FINANCING USES				
Transfers out	(2,000)	(28,000)	(25,000)	3,000
EXCESS OF REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(99,660)	(107,948)	(64,662)	43,286
Fund balance, beginning of year	572,750	572,750	572,750	-0-
Fund balance, end of year	\$ 473,090	\$ 464,802	\$ 508,088	\$ 43,286

Township of Vevay

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2006

REVENUES

Licenses and permits	
Building and zoning permits	\$ 16,812

EXPENDITURES

Public safety	
Building inspector	14,661
Community and economic development	
Planning commission	<u>21,663</u>

Total construction code expenditures	<u>36,324</u>
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Excess of revenues (under) expenditures	<u><u>\$ (19,512)</u></u>
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Township of Vevay

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

March 31, 2006

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
ASSETS			
Cash	\$ 907	\$ 1,323	\$ 1,533
Investments	-	-	-
Receivables	90	-	110
TOTAL ASSETS	<u>\$ 997</u>	<u>\$ 1,323</u>	<u>\$ 1,643</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Unreserved - undesignated	<u>997</u>	<u>1,323</u>	<u>1,643</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 997</u>	<u>\$ 1,323</u>	<u>\$ 1,643</u>

Funds	
Hawley Cemetery	Total
\$ 1,567	\$ 5,330
30,853	30,853
200	400
<u>\$ 32,620</u>	<u>\$ 36,583</u>
\$ -	\$ -0-
<u>32,620</u>	<u>36,583</u>
<u><u>\$ 32,620</u></u>	<u><u>\$ 36,583</u></u>

Township of Vevay

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended March 31, 2006

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Special assessments	600	910	1,104
Interest and rents	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	600	910	1,104
EXPENDITURES			
Current			
General government	-	-	-
Public works	583	986	1,115
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	583	986	1,115
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17	(76)	(11)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	17	(76)	(11)
Fund balances, beginning of year	980	1,399	1,654
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 997</u>	<u>\$ 1,323</u>	<u>\$ 1,643</u>

Funds			
Hawley Cemetery		Total	
\$ 4,612		\$ 4,612	
-		2,614	
577		577	
250		250	
5,439		8,053	
5,121		5,121	
-		2,684	
27,340		27,340	
32,461		35,145	
(27,022)		(27,092)	
25,000		25,000	
(2,022)		(2,092)	
34,642		38,675	
\$ 32,620		\$ 36,583	

Township of Vevay

Component Unit

BALANCE SHEET

March 31, 2006

	Downtown Development Authority
ASSETS	
Cash	\$ 331,558
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Due to other governmental units	\$ 14,583
FUND BALANCE	
Unreserved - undesignated	316,975
TOTAL LIABILITIES AND FUND BALANCE	\$ 331,558

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for the component unit is not required as the component unit fund balance were equal to the component unit net assets as of March 31, 2006.

Township of Vevay

Component Unit

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

Year Ended March 31, 2006

	Downtown Development Authority
REVENUES	
Taxes	\$ 50,793
Interest	271
TOTAL REVENUES	51,064
EXPENDITURES	
Community and economic development	11,444
EXCESS OF REVENUES OVER EXPENDITURES	39,620
Fund balance, beginning of year	277,355
Fund balance, end of year	\$ 316,975

Note: Reconciliations of the statement of revenues, expenditures, and change in fund balance of the component unit governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended March 31, 2006.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



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MANAGEMENT LETTER

To the Members of the Township Board
Township of Vevay
Mason, Michigan

Dear Ladies/Gentlemen:

As you know, we recently completed our audit of the records of the Township of Vevay, Michigan for the year ended March 31, 2006. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are the result of our evaluation of the Township's internal control and our discussions with management.

1. The Township should evaluate current accounting methods for special revenue fund activity.

During the course of our audit, it was noted that the Township has historically recorded certain special revenue fund activity in the General Fund in addition to recording the activity in the applicable special revenue fund. The result of this practice is a "double counting" of certain revenues and expenditures from an entity-wide standpoint. These differences are not considered material to the financial statements but it is included as a procedural issue.

We suggest the Township record the special revenue activity as a due from other funds in the General Fund with a corresponding due to in the applicable fund. This will eliminate the revenues and expenditures that have been double counted in the past and had to be adjusted each year during the audit process.

2. The Township should monitor and amend budgets for applicable funds as necessary.

During the course of our audit, we noted instances where expenditures had been incurred in excess of amounts appropriated. This issue was noted in the General Fund.

Michigan Public Act 621 of 1978, as amended, provides that the Board shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures.

We suggest that the Township Board monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year.

3. The Township should evaluate procedures for capturing school debt taxes.

During the course of our audit, we noted that the Township had captured \$14,583.37 in school debt property taxes that should have been remitted to the school district. The Treasurer was unaware that these funds were captured inappropriately until it was discussed as a result of our audit analysis related to current property tax revenues. Our inquiries of Township management indicate that this was done in error and the correct amounts will be remitted to the school district immediately.

3 The Township should evaluate procedures for capturing school debt taxes (continued).

We suggest that the Township review its procedures for calculating appropriate capture amounts and take steps to ensure that this does not recur in the future.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated June 22, 2006.

This report is intended solely for the use of management and the Township Board of the Township of Vevay, Michigan and should not be used for any other purpose. We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 22, 2006